EVM System

Surveillance

Presented By:
[NAMES]

Presented to:
[GROUP]

This presentation was developed by the EVM Center in support of DCMA Instruction Earned Value Management System (EVMS) System-Level Surveillance, Revision: January 2008.

EVMS Standard Surveillance

What's New?

- **EVMS System-Level Surveillance Instruction, Jan 08**
- **EVMS Standard Surveillance Operating Manual**

Our EVMS goal:
Resolve the systemic, DoD-wide weaknesses in EVM implementation across defense programs.*

The purpose of this training is to provide a forum of discussion, sharing, and learning to enhance skills and capabilities in the area of EVMS Standard Surveillance.

* **Source: USD(AT&L) July 03, 2007 Memo, Subject: Use of EVM in the DoD**

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First Things First

The EVM Center appreciates that many of you provided very helpful comments in response to the draft Instruction.

Course Structure

Tuesday

- Intro (1.0)
- Policy (2.0)
- Roles & Responsibilities (2.2 and 11.2)
- *Lunch*
- Surveillance Assessment Framework (3.0)
- SSP Development (4.0)
- Risk-Based Approach (5.0)
- Team exercise
- Round 1 Jeopardy

Wednesday

- Schedule Development (6.0)
- Team exercise
- Approval Process (7.0)
- *Lunch*
- Conducting Surveillance (8.0)
- CARs (9.0)
- CAR Central Repository (10.0)
- Round 2 Jeopardy

Thursday

- Documentation and Record Keeping (11.0 and 12.0)
- Update SSP (13.0)
- Final Jeopardy

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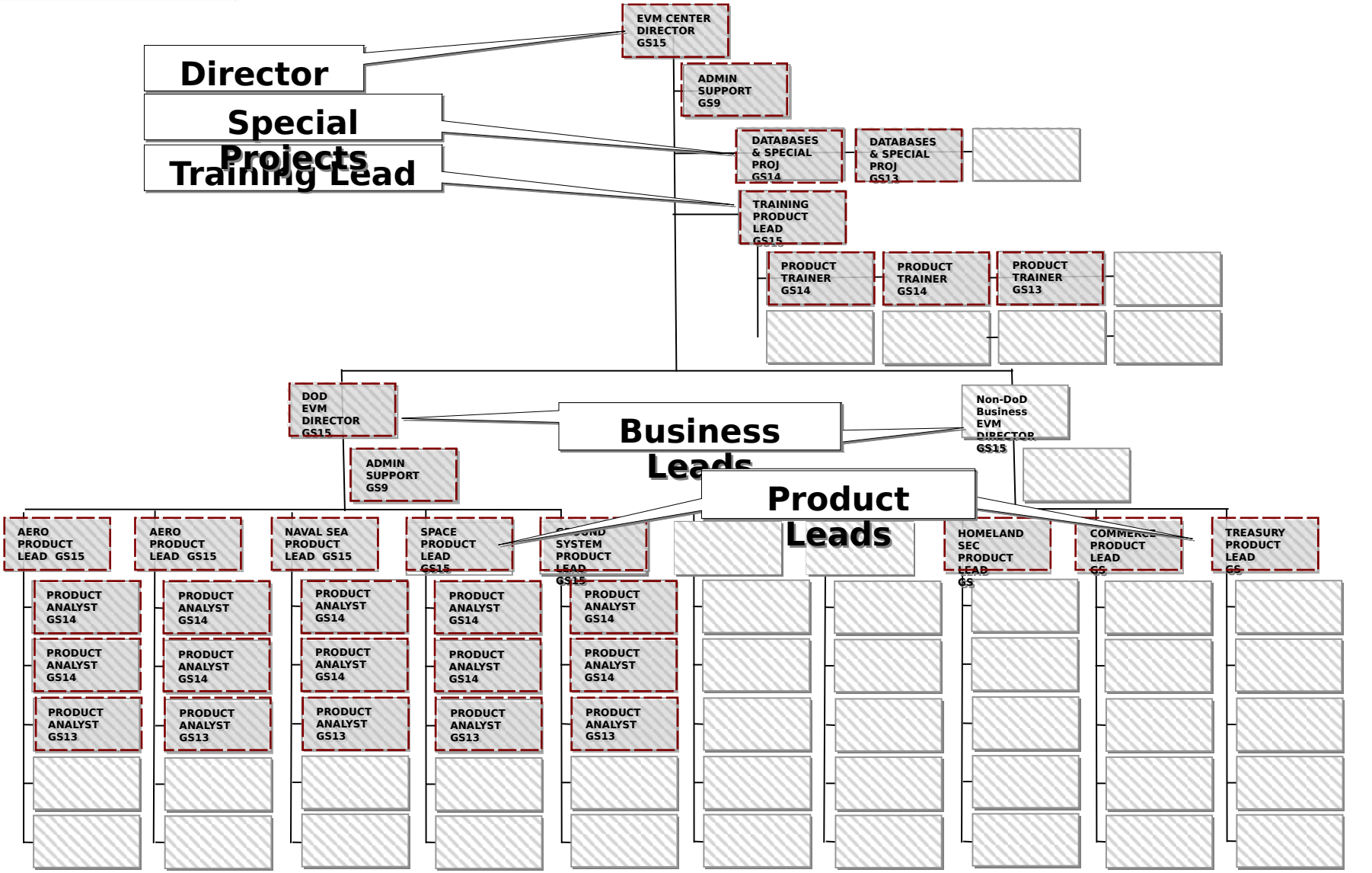
Time for Introductions . . .

Who is the EVM Center?

EVM Center Organizational Structure (OBS)



Why an EVM Center?

"The growing numbers of Major Defense Acquisition Programs breaching program baselines, coupled with Naval Audit Service Report findings in 2006, are key indicators that DCMA is not performing adequate system and program surveillance activities, nor are we properly training our personnel to perform this critically important role effectively."

"To ensure DCMA oversees supplier EVMS activities effectively and consistently across our Agency, I have adopted a centralized approach with the EVM Center for system compliance reviews, surveillance activities, data analysis, reporting and training."

--- DCMA Acting Director Mr. Keith Ernst

March 12, 2007, DCMA Director's Sight Picture

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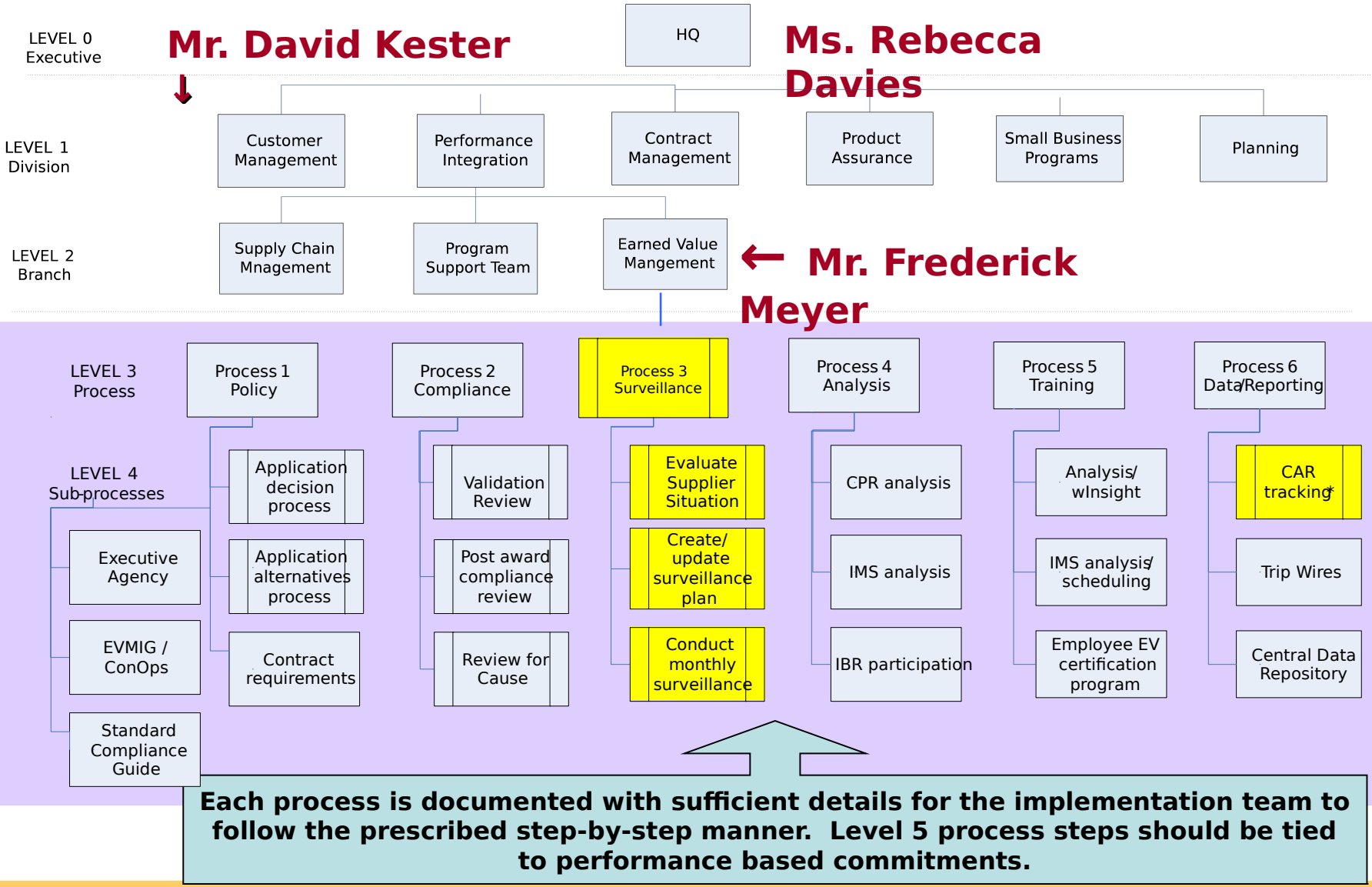
EVM Center Mission

- Serves as the principal advisor to the Executive Director, Contract Operations and Customer Relations as DoD Executive Agent for EVMS on behalf of OSD/AT&L.
- Oversees supplier initial and on-going compliance with DoD EVM policy and maintains recognition of the ANSI/EIA-748.
- Works with DCMA Executive Directors to ensure that CMO Commanders and Program Surveillance Teams (PST) implement and maintain DCMA EVM policies and procedures.
- Provides training and functional guidance to effectively implement internal policies and procedures.
- Provides innovative approaches to achieving mission objectives through process standardization, uniform saturation of information, and the use of centralized databases.

Process Structure (WBS)



Each process is documented with sufficient details for the implementation team to follow the prescribed step-by-step manner. Level 5 process steps should be tied to performance based commitments.

Introductions

- **Name**
- **Position**
- **How long with DCMA?**
- **Experience with EVM?**
- **Industry experience?**

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EVMS Surveillance

Introduction to the SSOM

Sec. 1.0

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Suggestions

Here are a few suggestions to help you get started to performing standard and routine surveillance:

- **Familiarize yourself with the surveillance process by going through the EVMS Standard Surveillance Operating Manual;**
  - **Personalize it by highlighting text, notes in margins, ear-mark pages, etc.**
- **Check Tools and Additional Guidance Tab of the Instruction for updates to references, guides, samples, forms, templates, etc.**
- **Take a few minutes to review the steps of the Standard Surveillance Process Flowchart; and**
- **Consult the DCMA EVM Center for all your EVM needs.**

DCMA's EVMS Customer

Who?

The Under Secretary of Defense for Acquisition, Technology, and Logistics (USD AT&L)

Why?

DCMA's oversight of Earned Value Management Systems (EVMS) is unique in that our customer for EVMS is a different and separate entity from the buying activity which, in the past, DCMA considered its sole customer.

Because USD AT&L is the entity that has the authority to give DCMA the DoD Executive Agent role and responsibilities for EVMS, it is this enterprise-level customer and not the local buying activity that drives DCMA EVMS oversight activities.

How?

To this end, DCMA will use USD AT&L recognized Agency Level Performance Commitments (ALPC) and related outcomes to measure our ability to positively influence supplier behavior in fielding robust and transparent management systems.

And Remember -

It is important and essential that DCMA maintain a sense of independence while maintaining a good working relationship with the buying activity as it executes its EVMS role and responsibilities.

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EVMS Surveillance

Purpose

SSOM Sec. 2.0

Purpose of the SSOM

- **To ensure that the validated system continues to produce critical project information and each guideline remains compliant with the 32 ANSI/EIA-748 EVMS guidelines, a surveillance process must be put in place to assess the system's operation.**
- **The SSOM defines the activities, interactions, and expectations needed for successfully conducting surveillance.**
- **To obtain reasonable assurance that the EVMS is being complied with and that performance commitments are achieved, a common understanding of surveillance objectives, responsibilities, and assignments is essential.**

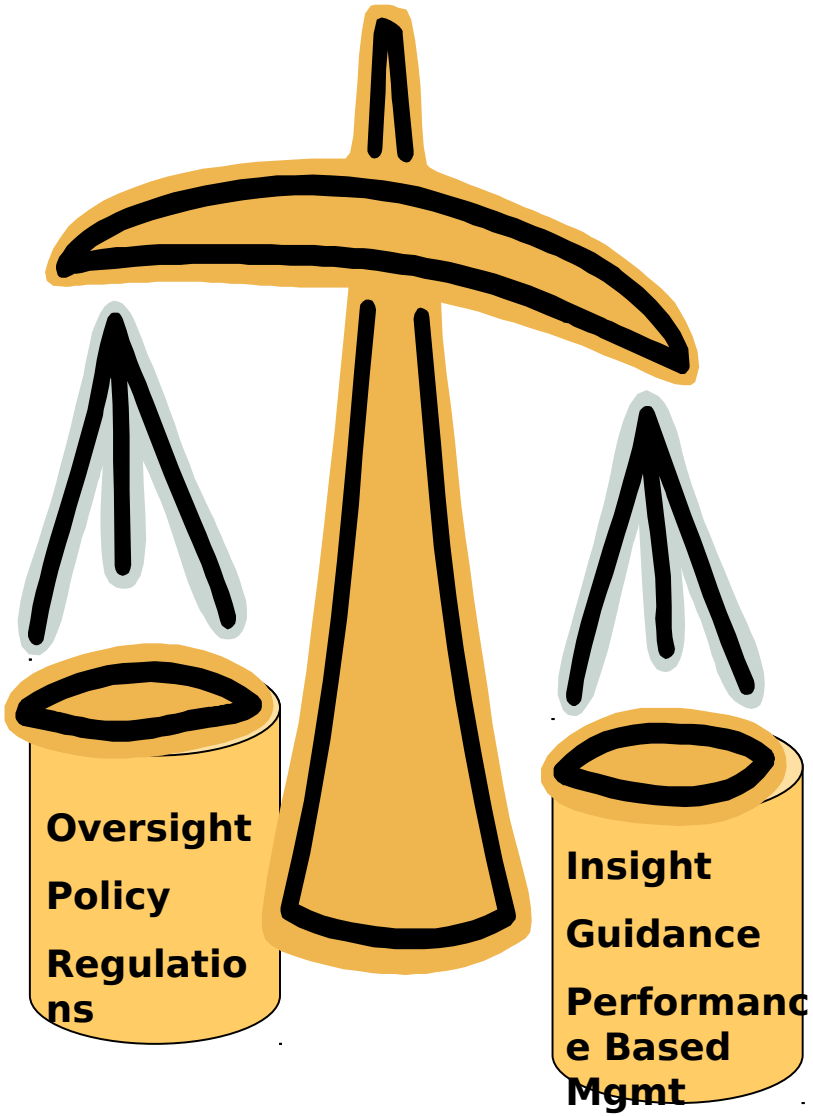
Important Documents to Read

- DCMA Instruction: Earned Value Management System (EVMS) System-Level Surveillance
- DCMA EVMS Standard Surveillance Operating Manual
- DCMA Director's Sight Picture, March 12, 2007, Subj: Earned Value Manag
- EVMIG, Oct 2006 (updated March 2007)
- DCMA Concept of Operations for EVM, August 2006
- ANSI/EIA-748
- National Defense Industrial Association (NDIA) EVMS Intent Guide
- National Defense Industrial Association (NDIA) Surveillance Guide
- EVM Contract Requirements Checklist, July 3, 2007, www.acq.osd.mil/pm/
- USD (AT&L) Letter, July 06, 2007, to NDIA re: recognition of the update to the ANSI/EIA-748
- USD (AT&L) July 03, 2007 Memo, Subj: Use of EVM in the DoD
- USD (AT&L) Letter, April 23, 2007, Subj: DCMA's EVM Roles and Responsibilities
- USD (AT&L) Letter, February 20, 2007, to NDIA re: DoD recognition of the NDIA Intent Guide
- USD (AT&L) Letter, March 07, 2005, Subj: Revision to DoD Earned Value Management Policy
- USD (A &T) Letter, December 4, 1995, Subj: DCMC (DCMA) Designated Executive Agent
- Solicitation Provision: 252.234-7001 – Notice of Earned Value Management System
- Contract Clause: 252.234-7002 – Earned Value Management System
- Surveillance Requirements: DFARS 242.302(a)(S-71)

Note: see Tools and Additional Guidance Tab for documents referenced herein with the exception of DFARS and ANSI/EIA-748.

Why Are Things Changing in Terms of EVMS Policy?

- Many factors tip the scales
  - Oversight vs. Insight
  - Policy vs. Guidance
  - Regulations vs. PBM
- Over the years, at times we've been heavy to the left, heavy to the right. The purpose of the Instruction is to find a better balance. Why?
  - Poor Program Performance
    - Nunn McCurdy Breaches
  - Supplier Discipline Concerns
    - Compliance Reviews 'For Cause'
  - Next slide, please . . .



Why are Things Changing?

Below are some key excerpts from the July 03, 2007 Memo from USD (AT&L) Honorable Kenneth J. Krieg, Subject: Use of EVM in the DoD

- **Despite the proven value of EVM, we are not maximizing its benefits in managing defense programs. The policy requirements for applying EVM to DoD contracts are well documented. However, the level of acceptance and use of EVM in program management Department-wide is insufficient, especially given the number of major defense programs experiencing execution problems. Several unfavorable findings from recent audits further indicate that EVM is not serving its intended function in the internal control process.**
- **The most important contributor to the successful implementation of EVM is strong and visible leadership support.**
- **We are committed to resolving the systemic, DoD-wide weaknesses with the help of the Defense Contract Management Agency and the support of the DoD Components.**

Why are Things Changing?

Continuing on (additional key excerpts from the July 03, 2007 Memo from USD (AT&L) Honorable Kenneth J. Krieg

- **. . . the Deputy Under Secretary of Defense for Acquisition and Technology and the Director, Acquisition Resources and Analysis, will work with the applicable OSD offices, DCMA, and the DoD Components to assess the current EVM policy and practices, to include the state of compliance and enforcement.**
- **Each DoD Component will be accountable for the effective implementation of EVM on its programs, to include supporting DCMA on EVMS reviews and surveillance activities.**
- **DoD Components will establish processes to utilize EVMS outputs to support proactive decision making and accountability at all levels.**
  - **Coordinate memorandums of agreement with DCMA and DCAA.**

These slides support why DCMA is taking the approach we are in EVMS: standardized process-oriented instructions with centralized control.

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EVMS Surveillance

Policy

SSOM Sec. 2.1

Policy

- **Per DFARS 242.302(a)(S-71) DCMA has the responsibility for surveillance of the supplier's EVMS, to ensure continuing compliance with the 32 ANSI/EIA-748 EVMS guidelines.**
- **EVMS surveillance begins at contract award, continues through the compliance or validation process, and extends throughout the duration of each contract (i.e. contractually required effort is completed).**
- **Current EVM DFARS clauses:**
  - **Solicitation Provision: 252.234-7001 – Notice of Earned Value Management System**
  - **Contract Clause: 252.234-7002 – Earned Value Management System**
- **Legacy contracts with previous versions of the EVMS clauses, including Mar 05 clause 252.242-7002 and 252.242-7005 (C/SSR), the Pre-Mar 05 clauses 252.234-7001 and 252.234-7005 (C/SSR), are all candidates for system surveillance based on risk.**
- **Federal Government Agencies outside of DOD use the FAR clause and Supplemental FAR clauses to implement EVMS Surveillance requirements (i.e. NASA FAR 1834.201)**

Policy

- **DFARS 252.234-7002 (Contract) states that in the performance of this contract, the Contractor shall use—**
  - **An EVMS that complies with the ANSI/EIA-748; and**
  - **Management procedures that provide for generation of timely, reliable, and verifiable information for the Contract Performance Report (CPR) and the Integrated Master Schedule (IMS) required by the CPR and IMS data items of this contract.**
  - **EVM compliance is required on cost or incentive contracts, subcontracts, intra-government work agreements, and other agreements valued at or greater than $20 million.**
  - **An EVMS that has been formally validated by DCMA and accepted by the cognizant contracting officer is required on cost or incentive contracts, subcontracts, intra-government work agreements, and other agreements valued at or greater than $50 million.**

Policy

- **Other key aspects of the clause include:**
- **Contractor shall submit notification of any proposed substantive changes to the EVMS procedures and the impact of those changes to the CFA. If this contract has a value of $50,000,000 or more, unless a waiver is granted by the CFA, any EVMS changes proposed by the Contractor require approval of the CFA prior to implementation.**
- **The Contractor shall provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative as necessary to permit Government surveillance to ensure that the EVMS complies, and continues to comply, with the performance criteria (ANSI/EIA-748).**
- **Contracting Officer must insert names of subcontractors (or subcontracted effort if subcontractors have not been selected) designated for application of the EVMS requirements in the clause**
- **The Government will schedule integrated baseline reviews as early as practicable, and the review process will be conducted not later than 180 calendar days after (1) contract award, (2) the exercise of significant contract options, and (3) the incorporation of major modifications.**
- **When indicated by contract performance, the Contractor shall submit a request for approval to initiate an over-target baseline or over-target schedule to the Contracting Officer.**

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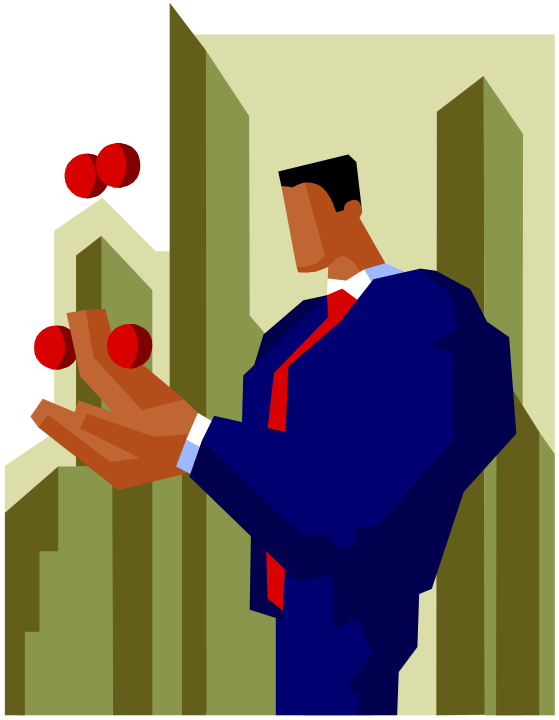
EVMS Surveillance Roles and Responsibilities

SSOM Sec. 2.2 and 11.2



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System Surveillance

- **While the supplier is ultimately responsible for the proper implementation of the EVMS, the CMO and Center acting on behalf of DoD as the Executive Agent for EVMS, are responsible for verifying ongoing supplier compliance.**
- **The absence of an AA or LOA does not relieve DCMA of performing EVMS surveillance on Dept. of Defense contracts for which EVM is required.**
- **No formal delegation from a government program office is required for DCMA to perform EVMS surveillance on suppliers for which EVM is required.**
- **For non DoD government agencies, such as NASA, DHS, DCMA needs an MOA stating that EVMS system surveillance will be performed and addresses reimbursement for the effort .**

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Guidelines/Processes Matrix

	ANSI/EIA-748 Guidelines	PROCESS GROUPING: ORGANIZING	SCHEDULING	WORK/BUDGET AUTHORIZATION	ACCOUNTING	INDIRECT MANAGEMENT	MANAGERIAL ANALYSIS	CHANGE INCORPORATION	MATERIAL MANAGEMENT	SUBCONTRACT MANAG
ORGANIZATION										
2-1a	Define authorized work	X								
2-1b	Identify Program Organization Structure	X								
2-1c	Company integration of EVMS subsystems with WBS and OBS	X								
2-1d	Identify organization/function for overhead (DCAA)					X				
2-1e	Integrate WBS & OBS, create control accounts	X								
PLANNING, SCHEDULING & BUDGETING										
2-2a	Sequential scheduling of work		X							
2-2b	Identify interim measures of progress, i.e. milestones, products, etc.		X							
2-2c	Establish time-phased budget (DCAA)			X		X				
2-2d	Identify significant cost elements within authorized budgets			X						
2-2e	Identify discrete work packages			X						
2-2f	All work package budgets & planning packages sum to control acct			X						
2-2g	Identify and control LOE budgets			X						
2-2h	Establish overhead budgets by organization element (DCAA)					X				
2-2i	Identify management reserve and undistributed budget			X						
2-2j	Reconcile program target cost goal with sum of all internal budgets			X						
ACCOUNTING CONSIDERATIONS										
2-3a	Record direct costs from accounting system (DCAA)				X					
2-3b	Summarize direct costs into WBS without allocation (DCAA)				X					
2-3c	Summarize direct costs into OBS without allocation (DCAA)				X					
2-3d	Record indirect costs (DCAA)					X				
2-3e	Identify unit costs, equivalent units costs or lot costs (DCAA)				X					
2-3f	Accurate material cost accumulation by control accounts; EV measurement at right time; full accountability of material (DCAA)								X	
ANALYSIS AND MANAGEMENT REPORTS										
2-4a	Control account monthly summary, identification of CV and SV (DCAA)				X		X			
2-4b	Explain significant variances						X			
2-4c	Identify and explain indirect cost variances (DCAA)					X				
2-4d	Summarize data elements and variances thru WBS/OBS for mgmt						X			
2-4e	Implement management actions as result of EVM analysis						X			
2-4f	Revise EAC based on performance data; calculate VAC (DCAA)					X	X			
REVISIONS AND DATA MAINTENANCE										
2-5a	Incorporate authorized changes in timely manner							X		
2-5b	Reconcile budgets with prior budgets							X		
2-5c	Control retroactive changes (DCAA)				X			X		
2-5d	Prevent all but authorized budget changes							X		
2-5e	Document changes to PMB							X		

Legend

X Key Process

Cross Process Area

Surveillance Team

- **The DCMA CMO has primary responsibility for surveillance, whether independent or joint.**
- **DCMA encourages a joint surveillance (Government and Supplier) process with the participation and full cooperation of all stakeholders.**
  - **Stakeholders recognized by DCMA include the supplier, program management office(s), and the Defense Contract Audit Agency (DCAA).**
  - **Benefits of Joint Government/Supplier Surveillance:**
    - Efficiency, cost effective, and reduces interruption to the program since each party (supplier, DCMA, and DCAA) is responsible for surveillance activities.
- **If the supplier will not engage in joint surveillance, then the CMO still works together with the other Government stakeholders (DCAA and PMO).**
- **Document method of surveillance (Joint or Government Independent) in the Standard Surveillance Process (SSP). Focus on DCMA led.**

Joint Surveillance

To preserve the independence of results, the following guidance is provided for joint surveillance:

- **Either surveillance lead (DCMA CMO or supplier) may unilaterally recommend that a finding be issued via Corrective Action Request (CAR);**
- **DCMA, following its internal operating procedures (thus approval by EVM Center), ultimately makes the final determination of non-conformance and severity and applicability of a CAR(s); and**
- **Both surveillance leads, i.e. DCMA (CMO and EVM Center), as well as the supplier, must agree on the closure of a finding and CAR(s).**

Contract Management Office (CMO)

- **The EVM Specialist is assigned overall responsibility for surveillance of the EVMS and as such, is the DCMA lead for surveillance team activities.**
  - **Review new contracts for EVMS clause**
  - **Verify status of supplier's system (validated with AA or LOA, pending, none) and advise EVM Center**
    - **Advance Agreement**
    - **Letter of Acceptance**
  - **Establish Memorandum of Agreement with Agency-level metrics**
    - **The Product Division has an active role in ensuring the CMOs effectively implements ALPCs and related outcomes, and identifies appropriate activities (aligned to provisions of the MOA) to accomplish these outcomes in the areas relative to EVMS surveillance and data analysis.**
  - **Review subcontractor flow down and surveillance requirements**
  - **Issue Letter of Delegation if warranted**

CMO

- The EVM Specialist* is the DCMA lead for surveillance team activities.
  - Evaluation of supplier proposed alterations to the system, including changes to documented processes, procedures, and instructions
  - Working with Program Surveillance Team (PST), if one is established. The PST can assist in resolving and accomplishing system surveillance issues.
- The PST members (Systems Engineers, Industrial Specialists, Quality Assurance, etc.) are responsible for accomplishing EVMS surveillance in their respective areas of expertise.
- The Program Integrator (PI) serves as the CMO focal point for overall program oversight.
- The ACO is designated as the agent of the government who is ultimately responsible for ensuring that the supplier complies with contractual terms and conditions.
- The CMO will refer any specific questions or concerns regarding EVMS to the applicable EVM Center Product Lead for guidance.

* Note: Not always specifically referring to a position title, but rather to any DCMA employee acting in that capacity.

ACO Responsibilities Re: EVMS

- **Per DFARS 252.242-7002 the cognizant ACO is the authority for recognizing the supplier EVMS as either compliant or non-compliant with the 32 ANSI/EIA-748 EVMS guidelines as stipulated by the contract. This includes:**
  - **Issuance of an AA or LOA indicating system acceptability**
  - **Acceptance or Disapproval of Supplier-generated requests for changes to their validated EVM System Description**
  - **Annual system surveillance/compliance verification process**
    - **The cognizant ACO is required to formulate and submit to the Center a status of the supplier's EVMS compliance, including all supporting data to that effect, such as the annual recommendation from the EVM Specialist.**

- **The ACO's point of contact for functional expertise relative to EVMS Validation and evaluation of proposed changes and status of system health is the EVM Center and CMO EVM Specialist.**

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EVM Center

- **Responsible for ensuring that the CMO has adequate processes in place for assuring continued supplier EVMS compliance to ensure that EVMS data is accurate, reliable, and timely.**
  - **Develop policy, templates, instructions, training, etc.**
  - **Work with CMOs through the surveillance process to make sure adequate processes are in place.**
- **Responsible for establishing Agency-level EVM performance commitments ensuring that CMOs have implemented meaningful system oversight measures with customers that tie to DCMA level performance commitments and identifying appropriate activities to accomplish these commitments.**
  - **Again, the Product Divisions will assist in this effort.**

PROGRAM MANAGEMENT OFFICE

- **Working with DCMA, establishment of a Memorandum of Agreement (MOA).**
- **Keeping DCMA informed of actions and matters that could affect system surveillance.**
- **Assisting in the resolution of problems cited in surveillance reports by providing required support to DCMA.**
- **Reviewing, evaluating, and analyzing performance reports and schedules and bringing issues to the attention of DCMA.**
- **Apprising DCMA of the adequacy and usefulness of surveillance reports and, where necessary, stating required changes to reporting practices.**
- **Participating as members of the surveillance team at their discretion.**

DEFENSE CONTRACT AUDIT AGENCY (DCAA)

- **Close coordination between DCMA and DCAA is required in the preparation of the surveillance plan to make a determination of the effective implementation of the system.**
- **The DCAA has the following EVMS surveillance responsibilities:**
  - **Reviewing the supplier accounting system for compliance with Disclosure Statements and contract provisions, including verification of actual costs.**
  - **Determining the accuracy and reliability of the financial data contained in the contract cost reports.**

DCAA

Support the following EVMS surveillance activities:

- **Periodic reviews of supplier accounting systems to assess compliance with the EVMS requirements and contract provisions, including verification of consistency with related budgeting and work authorization systems.**
- **Participating in EVMS reviews and system surveillance activities.**
- **Periodic reviews of contract performance reports to determine the accuracy and reliability of the financial data generated from the supplier's systems.**
- **Reporting any significant unresolved deficiencies to the DCMA EVMS Specialist.**
- **Coordinating the appropriate EVMS surveillance requirements into routine Defense Contract Audit Agency (DCAA) audit programs and procedures with the DCMA EVM Center.**
- **Advising the DCMA EVMS Specialist regarding DCAA surveys of contractor systems and other audits, which may bear on EVMS acceptability or surveillance.**

Reference: USD (AT&L) July 03, 2007 Memo, Subject: Use of EVM in the DoD

DCAA

- **EVMS guidelines supported by DCAA:**
  - **Organization – G/L 4**
  - **Planning and Budgeting – G/Ls 8, 9, and 13**
  - **Accounting – G/Ls 16, 17, 18, 19, 20, and 21**
  - **Analysis and Management Reports – G/Ls 22, 24, and 27**
  - **Revisions – G/L 30**
- **References:**
  - **Audit Program Activity Code 17770, Sec. C-1.**
  - **DCAA Contract Audit Manual, Chapter 11-200, EVMS.**
  - **EVMIG, Oct 2006, Figure 2-1, Accounting and Indirect Mgmt**

Note: G/Ls in blue are not as DCAA-intensive as the others.

Supplier

- **Responsible for developing and implementing an EVMS compliant with the 32 ANSI/EIA-748 EVMS guidelines**
- **Responsible for ensuring that its EVMS is implemented on a consistent basis, that it is used effectively on all applicable government contracts**
- **Responsible for ensuring EVMS clauses are flowed down to subcontractors when required**
- **These responsibilities are independent of DCMA's responsibility to develop and implement a surveillance process.**

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EVMS Surveillance Assessment Framework

SSOM Sec. 3

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Standard Surveillance Plan

- Each CMO must have a formal plan per ConOps and SSOM.
- Purpose of the plan is to establish the acceptable requirements for system surveillance.
- It is tailorable if warranted.
- EVMS surveillance consists of essentially two parts:
  - Supplier implementation of documented processes, procedures, and instructions, and the utilization of tools and techniques are maintained over time; and
  - Surveillance results are documented and communicated to all stakeholders in a timely manner.

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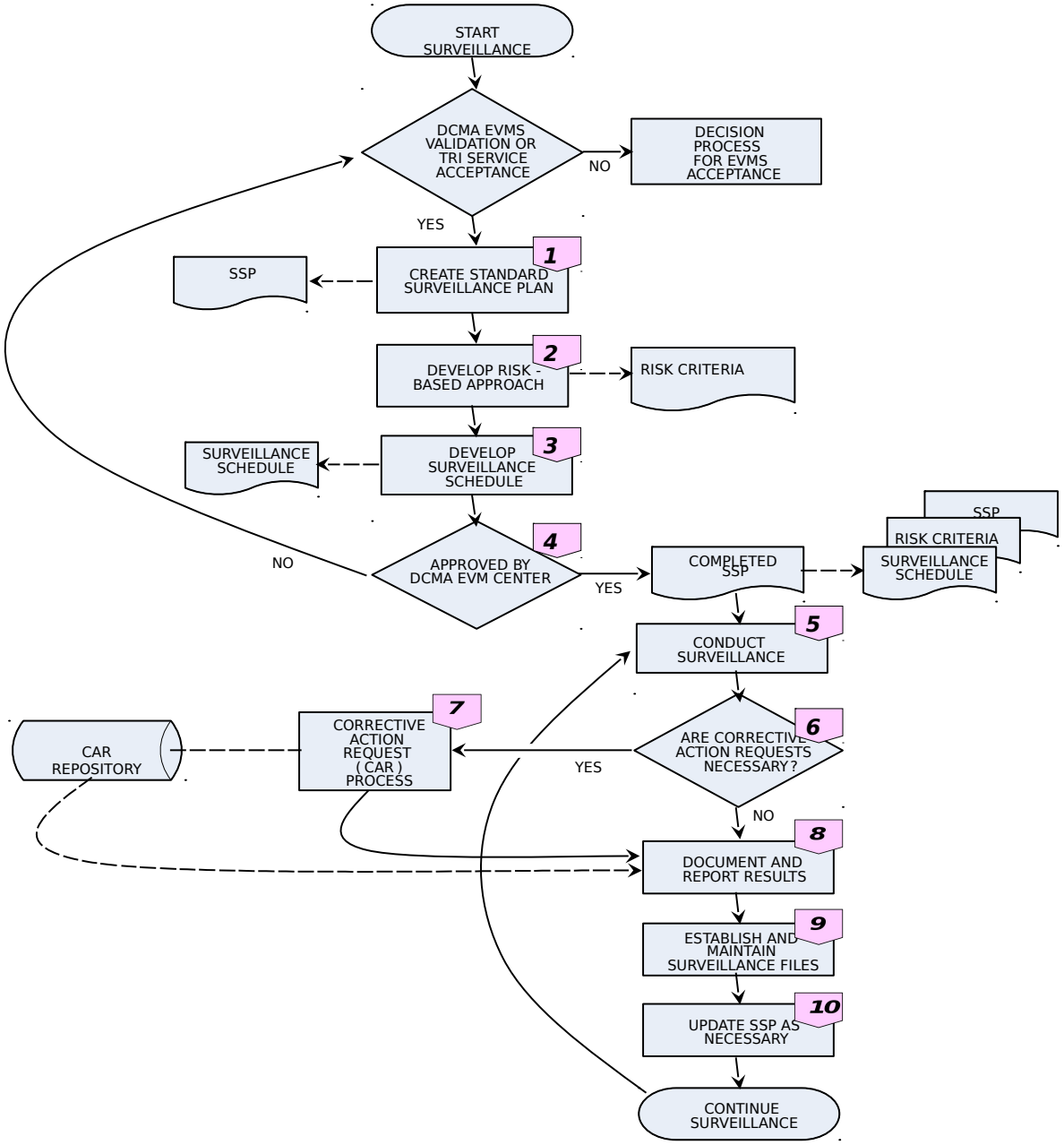

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EVMS Surveillance SSP Development

SSOM Sec. 4

Construction of the SSP

- **Using the template ensures:**
  - **uniformity and consistency**
  - **all aspects of surveillance are defined up front and understood for each supplier**
- **SSP Components:**
  - **Scope of each review based on risk-based assessment of programs**
  - **Schedule**
  - **Expectations (including roles and responsibilities if Joint),**
  - **Inputs,**
  - **Results,**
  - **Follow-on Duties**

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SSP Steps

- **How surveillance is performed, who performs it, who is part of the team, what tools are used, what documentation and data are required, as well as other issues, are further defined in the SSP, in the six step process:**
  - **Step 1: Surveillance Scope**
  - **Step 2: Surveillance Methodology**
  - **Step 3: Surveillance Team**
  - **Step 4: Communications and Cooperation**
  - **Step 5: Surveillance Schedule**
  - **Step 6: Surveillance Findings and Resolution**

SSP Steps

- **Step 1: Surveillance Scope**
  - **Using 9 processes and 32 ANSI/EIA-748 guidelines, determine:**
    - **Whether processes, procedures, and methods are compliant**
    - **Whether descriptive documents containing contractor's policies and procedures are understood and followed in actual operation;**
    - **How the data is generated by the system;**
    - **How the data is used in the management of the program; and**
    - **Management's knowledge of EVMS roles and responsibilities of its operating personnel.**
- **Step 2: Surveillance Methodology**
  - **Identify supplier program notification requirements**
  - **Explain that a risk-based approach is followed for program selection**
  - **List program document to be requested**
  - **Explain the review structure to be followed, i.e. in-brief, discussions with supplier personnel, and out-briefing**
  - **Identify tools to be used**

SSP Steps

- **Step 3: Surveillance Team**
  - **Identify the members of the team and their responsibilities.**
- **Step 4: Communications and Cooperation**
  - **State how the team will communicate and work with each other, such as:**
    - **The PMO(s) and supplier will recognize that the surveillance team is an integral part of the management process and communicate openly with its findings and concerns.**
    - **The surveillance review results should be discussed on an on-going basis, including the identification of deficiencies and the status of corrective actions at monthly program management meetings.**
    - **The supplier will keep the surveillance team advised of planned or actual changes to the EVMS prior to the implementation of the change, including, changes in software tools, key processes, or internal management procedures.**
    - **The surveillance team will note the severity of the changes and may recommend a system review.**

SSP Steps

- **Step 5: Surveillance Schedule**
  - **Establish annual surveillance schedule outlining monthly surveillance activities. The surveillance schedule will include a sufficient sample of programs/contracts so that a credible assessment of the supplier's implementation and use of the EVMS can be made.**
  - **Hold periodic surveillance team meetings to discuss EVMS metrics, results from system and program surveillance activities, results from data trace analysis and Integrated Baseline Reviews, and concerns raised by government users of the EVMS.**
- **Step 6: Surveillance Findings and Resolution**
  - **Conclude the review with an out-briefing during which the surveillance team will present the surveillance results to relevant stakeholders.**
  - **Document the results of the review in a System Surveillance Report (SSR) that is signed and dated by the DCMA surveillance team leader and supplier representative (if Joint). The draft report will be issued to the EV Center not later than 10 business days after the out-brief and should include an overall assessment of the supplier's implementation of the EVMS, scope of the review, personnel interviewed, and findings of deficiency or non-compliance that resulted in CARs.**
  - **Use the CAR process for the initiation and follow up of correcting system deficiencies.**

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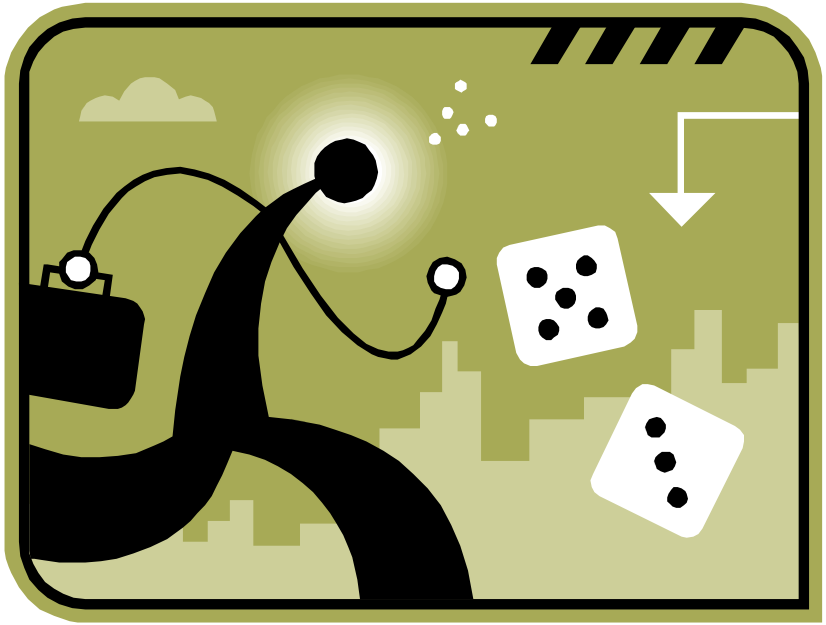
EVMS Surveillance Risk-Based Approach

SSOM Sec. 5



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Risk-Based Approach

- **All processes must be reviewed annually *however* the intensity of the review of each process is driven by risk data gathered from the programs.**
  - **The higher the risk, the more intense the review**
  - **The lower the risk, the less intense.**

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Risk-Based Approach

- **Actual and perceived risks are determined based on program indicators identified in the Risk Matrix.**

- **The program indicators then point to processes and guidelines.**
  - **This program-risk analysis drives then the process-risk analysis by identifying where the concerns are so we can determine scope, length of time, resources for each process.**

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Risk-Based Approach

So what factors do we look at when doing a risk evaluation?

- Program phase
- PM EVM experience
- Total contract value
- Value of prime and critical subcontract work remaining
- Value of material remaining
- Value of management reserve
- Number of baseline resets
- Cost, schedule, and at completion variance percentages
- Critical path float
- Baseline volatility
- Indirect costs volatility
- Past surveillance results
- Time since last review

Let's Go Through The Matrix, 1 of 3

RISK	INSTRUCTIONS
PROGRAM PHASE	*Determine current phase of the program: Development, Early LRIP, Late LRIP, Full Rate Production*
PM EVM EXPERIENCE	*How many years of EVM experience does the Supplier's Program Manager have?*
TOTAL CONTRACT VALUE	*What is the total allocated budget of the EVM portion of the program?*
VALUE OF PRIME WORK REMAINING	*Start by splitting total BAC, BCWPcum, ACWPcum, and EAC as reported in the most recent CPR into two portions, prime and subcontractor(s), using whatever method the supplier uses to distinguish between the two. For each of these portions calculate:* *1. Budgeted cost of work remaining, BCWR = BAC-BCWPcum* *2. Estimated cost of work remaining, ECWR = EAC-ACWPcum* *For BCWR and ECWR, identify what percentage is the responsibility of the prime and what percentage is the responsibility of the subcontractor(s) as compared to the total effort remaining. (Subcontractor % plus prime % equals 100%).*
VALUE OF SUBC WORK REMAINING	

Let's Go Through The Matrix, 2 of 3

RISK	INSTRUCTIONS
VALUE OF MATERIAL REMAINING	*Of total original material budget, what is the percentage of remaining material budget ? (Mat BAC-Mat BCWPcum / Mat BAC) Information is available via a) wInsight, then sort by code the supplier uses to designate a material cost, or b) by obtaining the entire CPR by element of cost. Note: The supplier should always be able to produce this (GL 9) and we always have the data access right by FAR 52.2 and DFAR 252.227.*
VALUE OF MGMT RES REMAINING	*MR usage trend. Compare MR usage over 12 – 18 month period, evaluate against MR remaining as a percentage of BCWR.*
OTB (RESETS)	*What is the number of times the baseline has been reset via Over Target Baseline since inception?*
SV%, CV%, OR VAC%	*Determine the SV%, CV%, and VAC% based on the most recent CPR.*
CRITICAL PATH FLOAT	*To calculate total float/slack (Late Finish – Early Finish), examine remaining (incomplete) tasks on IMS's Critical Path, and identify the task with the least amount of float. Recall negative float indicates a constraint (i.e. delay in meeting contractual delivery); float should always be greater than or equal to zero; and excessive float usually indicates a problem with the logic connections. For more information, refer to DCMA's Schedule Metrics14 Point Assessment relative to calculating total float at http://guidebook.dcma.mil/79/guidebook_tools.htm.*

Let's Go Through The Matrix, 3 of 3

RISK	INSTRUCTIONS
BASELINE VOLATILITY	*Using the end of period Format 3 baseline plan for next 6 periods, calculate average percent change of PMB over a six month period (based on last 12 months of data).*
INDIRECT RATES	*Determine if the supplier a) has an approved/negotiated Forward Pricing Rate Agreement (FPRA); b) has submitted a Proposed FPRA; or c) has neither and is applying rates based on some informal basis.*
ONGOING SYSTEMS ISSUES	*Looking at the CARs issued, how many systemic issues are still unresolved – Multiple, Single, or none? Consider the number of unresolved CARs escalated, if system compliance in jeopardy, or if system compliance has been revoked.*
TIME SINCE LAST REVIEW	*How long has it been since this program/contract was last reviewed under System-Level Surveillance? If it has been more than 12 months or is a new contract never reviewed, rate this element as high risk and consider this program/contract for review for all process groups when prioritizing contracts for the Annual EVMS System Schedule. Likewise, if it has been 6 to 12 months since last reviewed, then rate this element as moderate risk and consider all processes not yet reviewed as moderate risk.*

Risk-Based Approach

- **Steps:**
  - **For each Risk factor: multiply weight amount by High (3.00), Medium (2.00), or Low (1.00) and list in Score column.**
  - **Total the Score column.**
- **Program Risk:**
  - **High Risk: Total Score is between 3.00 and 2.5**
  - **Medium Risk: Total Score is between 2.5 and 1.5**
  - **Low Risk: Total Score is below 1.5**
- **Using the risk algorithm to determine the score for all other programs/contracts allows each to be rank-ordered to identify which should be reviewed more frequently.**
- **One or more key processes are listed under each high, medium, and low risk criteria. The key processes serve as the program/contract selection criteria when developing the system surveillance schedule.**

CLASS EXERCISE #1: Risk Matrix

Let's do some Risk Matrix calculations.

Take out your calculators, sharpen your pencils, here we go.

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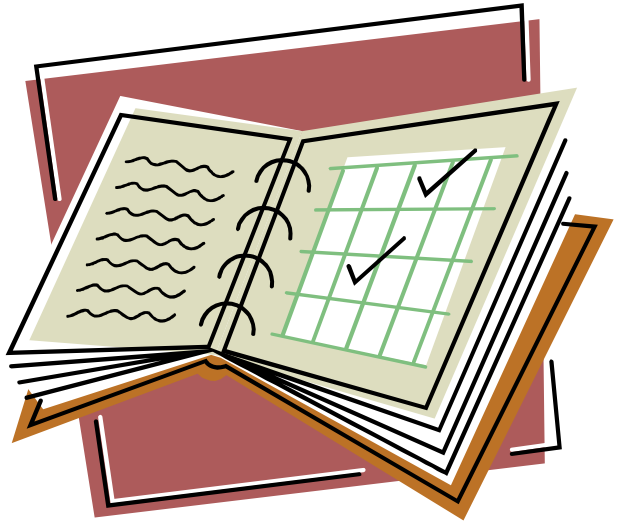
EVMS Surveillance Schedule Development

SSOM Sec. 6



Understanding the Surveillance Schedule

- **The surveillance team is required to perform system surveillance on a monthly basis.**
  - **Monthly surveillance means the performing the surveillance activities, keeping records, doing the legwork, conducting data traces, informal CAM meetings, or finance officer meetings, etc.**

- **The surveillance team is required to assess all 9 processes and 32 ANSI/EIA-748 EVMS guidelines annually* unless a waiver is granted by the EVM Center.**

***Processes are typically reviewed Jan – Nov of each year, with December reserved for the annual system health assessment. Schedule is based on a calendar year.**

Surveillance Schedule: Processes and Guidelines

- **Based on Figure 2-1 from the EVMIG Guidelines-Process Matrix, the listing below cites the key processes for each guideline, and also covers the cross process guidelines (in parenthesis) for Material Management and Subcontract Management.**
  - **Organizing: Guidelines 1, 2, 3, 5**
  - **Scheduling: Guidelines 6 and 7**
  - **Work/Budget Authorization: Guidelines 8, 9, 10, 11, 12, 14, and 15**
  - **Accounting: Guidelines: 16, 17, 18, 20, 22, and 30**
  - **Indirect Management: Guidelines 4, 8, 13, 19, 24, and 27**
  - **Managerial Analysis: Guidelines 22, 23, 25, 26, 27**
  - **Change Incorporation: Guidelines 28, 29, 30, 31, and 32**
  - **Material Management: Guidelines 21 (9, 10, 12, 22, 23, 27)**
  - **Subcontract Management: Guidelines (2, 9, 10, 12, 16, 22, 23, and 27)**

Surveillance Schedule: Determining the Scope

- For surveillance teams with multiple programs/contracts, review the risk ratings for each program/contract, and then as a team determine as objectively as possible which programs should be reviewed against each process.
- The higher the risk, the more intense the surveillance.
- If a process is considered low risk, then objective evidence by the surveillance team must be provided to the Center confirming the low risk status for each guideline based on a review of one or more programs/contracts.
- The processes and guidelines to be examined each month, the contracts involved, and the frequency of the reports must be listed on the annual schedule.

Surveillance Schedule: Report Frequency

- **All nine processes require output product of a report, but two or more processes may be combined into one report.**
  - **Example 1: Material Management and Accounting may have been reviewed over two separate months, and one combined report includes the results of two process groups.**
  - **Example 2: Due to the similarity of guidelines covered, Material Management and Subcontract Management may have been combined over a period of two to three months. One report including the results of both process groups is sufficient.**

Surveillance Schedule Part 1

- **An Annual EVMS Surveillance Schedule is completed for each supplier.**
- **Part 1 is self-explanatory.**

ANNUAL EVMS SURVEILLANCE SCHEDULE	
PART 1:	
1.A. CALENDAR YEAR	**1.B.CMO POINT OF CONTACT**
2008	**CAPTAIN ROGER PETERSON**
1.C. CMO NAME	**1.D. CMO LOCATION (CITY/STATE)**
SPACE AND MISSILES	**TAMPA, FL**
1.E. SUPPLIER NAME	**1.F. SUPPLER LOCATION (CITY/STATE)**
MISSILE-MART, INC.	**TAMPA, FL**
1.G. DATE SURVEILLANCE SCHEDULE PREPARED	**1.H. DATE SCHEDULE APPROVED BY**
DECEMBER 15, 2007	**DECEMBER 31, 2007**

Surveillance Schedule Part 2

PART 2: FOR EACH OF THE NINE PROCESSES, IDENTIFY WHICH GUIDELINES WILL BE REVIEWED (REF. EVMIG FIGURE 2-1 GUIDELINES—PROCESS MATRIX). BASED ON THE SURVEILLANCE SELECTION RISK MATRIX RESULTS, IDENTIFY WHICH PROGRAM(S) /CONTRACT(S) WILL BE REVIEWED AGAINST EACH OF THESE GUIDELINES, WHEN THE SURVEILLANCE ACTIVITIES WILL OCCUR, AND LASTLY, WHEN REPORTS WILL BE COMPLETED AND RELEASED.				
2.A. PROCESS(ES)	**2.B. GUIDELINES**	**2.C. PROGRAM(S) / CONTRACT(S)**	**2.D. PERIOD OF SURVEILLANCE**	**2.E. SCHEDULED COMPLETION DATE OF REPORT (SSR)**
ORGANIZING	1, 2, 3, 5	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	JANUARY 2008	JANUARY 2008
WORK/BUDGET AUTHORIZATION	8, 9, 10, 11	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	FEBRUARY 2008	COMBINE WITH MARCH 2008
WORK/BUDGET AUTHORIZATION	12, 14, 15	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	MARCH 2008	MARCH 2008
SCHEDULING	6 AND 7	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	APRIL 2008	APRIL 2008
ACCOUNTING	16, 17, 18, 20, 22, 30	DEF/F33657-05-C-YYYY XYZ/DAAB07-07-C-ZZZZ	MAY 2008	MAY 2008
MATERIAL MANAGEMENT SUBCONTRACT MANAGEMENT	21 (2, 16)	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	JUNE 2008	COMBINE WITH JULY 2008
MATERIAL MANAGEMENT SUBCONTRACT MANAGEMENT	(9, 10, 12, 22, 23, 27) (9, 10, 12, 22, 23, 27)	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	JULY 2008	JULY 2008
MANAGERIAL ANALYSIS	22, 23, 25, 26	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	AUGUST 2008	COMBINE WITH SEPTEMBER 2008
MANAGERIAL ANALYSIS	27	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	SEPTEMBER 2008	SEPTEMBER 2008
CHANGE INCORPORATION	28, 29, 30, 31, 32	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	OCTOBER 2008	OCTOBER 2008
INDIRECT MANAGEMENT	4, 8, 13, 19, 24	ABC/N00104-07-C-	NOVEMBER 2008	NOVEMBER 2008

Surveillance Schedule Part 3

- **Part 3. As part of the yearly system surveillance/compliance verification process, the EVM Specialist submits an annual recommendation to the cognizant ACO.**
- **This recommendation is based on the health of the supplier's EVMS based on a reconciliation of the year's reviews.**

PART 3: END OF YEAR RECONCILIATION OF REVIEWS, PREPARE RECOMMENDATION TO ACO.	
3.A. SCHEDULED COMPLETION DATE OF YEAR END RECOMMENDATION TO ACO	December 31, 2008

CLASS EXERCISE #2, Annual Surveillance Schedule

The objective of this exercise is apply information gained from the risk indicators on the Risk Matrices and construct Part 2 of the form.

Divide into groups and provide each group with two or three different Risk Matrices for a supplier.

Based on these completed risk matrices, each group will complete a schedule based on their assessment of the matrices.

Remember:

- **Each of the nine processes must be reviewed, covering all guidelines over the course of the first eleven months of the new year.**
- **Formal reports are required to document surveillance activities. The frequency of these reports is not necessary monthly, and are subject to coordination and approval by the EVM Center Product Lead. In this exercise, provide your draft schedule.**
- **Month 12 is reserved for annual assessment of system health based on the surveillance activities as documented in the SSRs and CAR status.**
- **Remember to PRIORITIZE – good rule of thumb is two to three**

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EVMS Surveillance Approval Process

SSOM Sec. 7

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Process for SSP Approval

- **After the surveillance team has drafted the SSP and schedule, the CMO sends the SSP, each Risk Matrix (with supporting rationale), and the Annual System Surveillance Schedule to the EVM Center.**
- **The EVM Center will review and approve (or recommend changes) to the package.**
- **Upon receipt of an approved package, the CMO will implement the SSP and follow the schedule*.**
- ***Note: As stated previously under Policy, surveillance begins at contract award. If the SSP hasn't been drafted, updated, or approved yet, the CMO is still responsible for conducting surveillance.**

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EVMS Surveillance: Conducting Surveillance

SSOM Sec. 8

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Expectations

- **Conduct surveillance in accordance with the approved SSP and Annual EVMS Surveillance Schedule*.**
- **If resource unavailability impacts efforts to conduct EVMS surveillance, the CMO is required to notify the EVM Center immediately.**
- **As stated previously, the surveillance team is required to perform system surveillance on a monthly basis and assess all 9 processes and 32 ANSI/EIA-748 EVMS guidelines annually unless a waiver is granted by the EVM Center.**

- ***Note: As stated previously under Policy, surveillance begins at contract award. If the SSP hasn't been drafted, updated, or approved yet, the CMO is still responsible for conducting surveillance.**

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Healthy Skepticism

- **When conducting surveillance of a supplier's system, we must exercise due professional care.**
- **One important tenet of "due professional care" requires applying healthy skepticism.**

What do we mean by "healthy skepticism"?

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“Am I to understand that my proposal is greeted by some skepticism?”

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Healthy Skepticism

Skepticism: an attitude of doubt or a disposition to incredulity either in general or toward a particular object

- **The point - we are not conducting surveillance by merely having the suppliers give us the correct answers to our questions or believing the accuracy of the output without examination and analysis.**
- **We need them to show, prove, demonstrate that they are using the system to manage their programs.**
- **We need to drill down, trace, analyze to make sure the data is accurate.**
- **We need to conduct a critical assessment of the tools, procedures and processes, and how they are used to manage the work.**

TRUST BUT VERIFY

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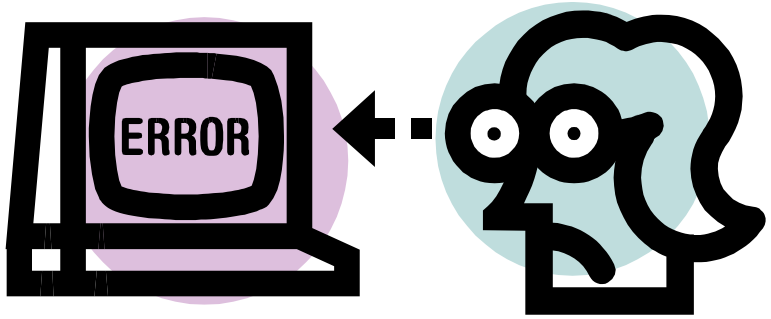
EVMS Surveillance CARs

SSOM Sec. 9



CAR General Overall Process

- **The CAR process as defined in the Instruction applies to all EVM related CARs, whether the CAR is generated as a result of system surveillance or program analysis and surveillance.**
- **All discrepancies (no matter how minor) must be documented on the CAR form.**
- **CMO Commander/Director signs all CARs unless delegated.**
- **EVM Center approves all CARs before they are issued**
  - **CMO EV Specialist may elect to have EVM Center approve draft CAR BEFORE his/her Commander signs the CAR.**
- **EVM Center makes final disposition (approve, disapprove, escalation, etc) of all CARs**
- **Some mandatory attributes of all CARs will be tracked and trends analyzed by the CMO**

Initial CAR Acceptance Criteria

- **EVM Center shall review proposed CARs prior to issuance to the Supplier for the following:**
  - **Correct severity level**
  - **Correct guideline**
  - **Clear description of:**
    - **Non-compliance**
    - **Guideline requirement**
    - **Relevant supplier procedures**

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Trend Analysis

- **CMO shall track and provide trend analysis of the following (at a minimum):**
  - **Number of:**
    - **EVMS CARs by supplier and location**
    - **Repeat CARs by supplier**
    - **CARs by guideline by supplier**
    - **Days EVMS CARs remain open by level and supplier**
      - **From day it left CMO to supplier to when it is officially closed by the CMO (following approval by the EVM Center)**

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CAR/CAP Acceptance Criteria

- **The Surveillance Team, CMO, and EVM Center shall make disposition of CAPs using the following criteria:**
  - **Thoroughness of root cause analysis**
  - **Adequacy of corrective action to prevent recurrence**
  - **Review for repeat non-compliances**
  - **Verify guideline compliance**

Conditional CAP Approval/ Verification of CAP

- **If verification follow up is necessary, the surveillance team working through the DCMA EVM Center writes closure criteria.**
- **If the surveillance team working through the EVM Center determines that verification is <u>not</u> necessary, then the CAR is returned to the surveillance team and closed out.**
- **Verification status is tracked by the surveillance team.**
  - **The closure criteria should contain clear activities required to be successfully accomplished before the CAR can be closed out.**
  - **The surveillance team documents the status of these activities and is responsible for ensuring that the statuses of activities are documented.**
  - **The surveillance team keeps the EVM Center informed of verification status.**
  - **If problems arise, the EVM Center must be notified immediately.**

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CAR Severity Levels

- **Level I**
  - **No special management attention is needed to address**
  - **Directed to supplier working level personnel**
- **Level II**
  - **Issued for non-compliances that:**
    - **Are systemic in nature and / or**
    - **Could affect cost, schedule or performance**
  - **Directed to supplier management process level**

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Example – Level I CAR

- **Data errors in the CPR**
  - **Fat fingered typing errors/transposed numbers**
  - **This has never happened before**
    - **Considered an isolated incident**
  - **Lower level personnel are responsive to fixing problems**

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Example – Level II CAR

- **Data errors in the CPR**
  - **ACWP for a material account was accrued in the wrong account**
  - **Corrective action previously identified in a level 1 CAR proved insufficient.**
  - **Happening more frequently**
    - **Considered to be a systemic problem**
  - **Lower level personnel are un-responsive to fixing problems. Contractor continually argues over the validity of the CAR**

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CAR Severity Level

- **Level III**
  - **Issued for non-compliances that:**
    - **Have unfavorably affected program / cost / schedule performance and have not been corrected**
    - **Warrant higher level management attention**
    - **May have escalated from a lower level CAR**
  - **Directed to top tier business manager**
  - **May be coupled with contractual remedies as deemed appropriate by the ACO in conjunction with Counsel**

Example – Level III CAR

- **Data errors in the CPR; CFSR won't reconcile**
  - **ACWP for a subcontractor account was accrued in the wrong program accounts**
  - **Traced to a mischarge: DITMCO Tools supplies same tooling to three different programs at one supplier:**
    - **Charged program A $50M, program B $75M, program C $100M**
    - **Although bill was itemized, charges were misapplied to the accounting ledger for each program, thus causing overpayment on one program, underpayment on another.**
  - **Shows that corrective action taken at Level II was insufficient.**

IMPORTANT – Need not have issued Level I or Level II CARs for the same issue.

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CAR Severity Level

- **Level IV**
  - **Issued for non-compliances that:**
    - **Have unfavorably affected program / cost / schedule performance across multiple programs or multiple sites and have not been corrected and**
    - **Have failed Level III attempts and escalation is warranted**
  - **Directed to supplier corporate management level**
  - **Advises supplier of contractual remedies**

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Example – Level IV CAR

- **Data errors in the CPR; CFSR doesn't reconcile**
  - **ACWP for a subcontractor material account was accrued in the wrong program accounts, charged to wrong contracts**
    - **Same scenario as Level III but more serious**
  - **Discovered at the buying command; funds are not authorized for that quarter while another buying command under spent and is at risk of having funds pulled by the Evil Comptroller because not matching their expenditure plan**
    - **Danger of becoming a 'bill payer'**
    - **Considered to be a systemic problem (concern is that system allowed it to happen; not sure how often or if happened previously)**
    - **Possibly happening across several locations of the same corporation**

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Rule of Thumb for Determining CAR Level

- **Need to determine if a root cause fix is needed**
- **Who should fix the problem?**

The Ultimate Goal is to get the contractor to fix the problem and prevent future ones from occurring

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In the Case of Joint Surveillance

- **Either CMO or supplier may formally recommend a finding be recognized**
- **EVM Center makes final determination of:**
  - **Non-conformance assessment**
  - **CAR severity level**
- **CMO, EVM Center, and supplier must agree on closure of a CAR**

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CAR Form Process Flow

- **Part 1: Surveillance team, working through the CMO, will submit proposed CARs to EVM Center for approval within 5 working days of observation.**
- **Part 2a: EVM Center shall approve/disapprove all proposed CARs within 5 working days**
- **Part 2b: CMO distributes CAR to Supplier**
- **Part 3: Supplier submits response**
- **Part 4: Surveillance Team, CMO, and EV Center are all involved in the final disposition of the CAR**

CAR Initiation

PART 1. CAR Initiation							
1.a. CAR Record #	1.b. CAGE	1.c. Date Non-Compliance Observed				1.d.Date CAR Initiated	
MM0123	XXXXX	August 31, 2007				September 6, 2007	
1.e. Initiator Name	1.f. Repeat?	1.g. List Repeat CAR #s		1.h. Performance Commitments Impacted			
John Doe	No			Product meets delivery schedule (PC 04)			
1.i. Supplier's Name		1.j.Supplier's Location (city / state)		1.k. Program Name			
Missile Mart		Any Town, CA		Black Box			
1.l. Contract Number		1.m. CPR DID on contract		1.n. IMS DID on Contract			
F33657-08-C-XXXX		DI-MGMT-81466 (pre-Mar05)	Dated: 1/5/05	DI-MISC-81183A (pre-Mar05)	Dated 1/5/05		
1.o. Organizational Area	1.p. Guideline		1.q. Level of CAR	1.r. EVM Clause #on Contract			
Organizing	1 (2.1.a) Define project work scope		II	DFAR 252-234-7001			
1.s. Supplier EVMS System Description Revision Number and Date							
Smith - EV-0123; Rev 13; Sep 9, 2001							
1.t. System Description Reference(Include Attachments if Necessary)							
Paragraph 4: All projects must have a WBS.							
1.u. Description of Non-Compliance(Include Attachments if Necessary)							
The Black Box program does not have a WBS. The Control Account Managers are not assigned to any specific product.							
1.v. **DCMA CMO Commander/Director** (Printed Name and Signature)					1.w. Date Sent to EVM Center		
LTC Pilot					September 7, 2007		

Part 4 – Review Supplier's Response

- **Approval – If no CAP is required, the surveillance team, working through the EVM Center, may approve the CAR.**
- **Conditional Approval – When a CAP is required, the CAR may be conditionally approved, contingent upon verification.**
  - **Conditional approval indicates that the CAP appears acceptable but further verification is necessary to ensure systemic incorporation over the course of time.**
- **Disapproval – The CMO documents why the CAP or CAR is being disapproved and submits to the supplier as rejected for a resolution.**
  - **If unresolved discrepancies arise between corrective action plan expected results and DCMA (CMO and EVM Center) expected results, then escalation steps ensue.**
  - **The surveillance team continues tracking the status of the corrective action plan until final disposition is reached.**

CAR/CAP Approval

PART 2A EVM Center review	**Revision** 0 (Initial)
2.a. EVM Center Product Lead	2.b. Date Reviewed
Jane Doe	September 10, 2007
2.c. EVM Center Product Lead Comments	
Concur.	
2.d. EVM Center Action - Returned to CMO for 1) Submittal to Supplier (if concur); 2) Rework (if non-concur)	
X CONCUR NON CONCUR	2.e. Date: September 10, 2007
PART 2B. CMO Submittal to Supplier	
2.f. Date Submitted to Supplier	2.g. Supplier Response Due Date
September 12, 2007	October 10, 2007
PART 3. Supplier Response	**Revision 0 (Initial)**
3.a. Supplier Response Date	October 9, 2007
3.b. Supplier Response and Corrective Action Plan (CAP)	
New program manager was recently hired and didn't know a WBS was required. An intense training program will be put in place for all new program managers. WBS criteria will be added to the Internal Audit checklist. Program manager was recently hired and didn't know a WBS was required. New training will include all guideline requirements and how they affect the program manager. The EVMS Program Support Team is working with this program to implement the WBS. The scheduled completion for this action is November 15, 2007.	

Final CAR Disposition

- **The CMO will recommend CAR closure to the EVM Center after considering:**
  - **Is the guideline currently being met?**
  - **Will guideline be met in the future?**
  - **What is being done that is different?**
  - **Are other guidelines affected?**
  - **Are other projects affected?**
- **Block 4.g. EVM Center will make final disposition.**
  - **Approved/Closed: The EVM Center will forward the CAR back to the CMO for final close out.**
  - **Write Further CAR Observations: The EVM Center will forward CAR back to the CMO who will then perform additional verification inspections.**
  - **Request Management System Review from EVM Center: The EVM Center product lead will schedule a system review.**
  - **Withdrawn/Cancelled: EVM Center returns CAR back to CMO who then performs final close out.**
  - **Escalate/Increase CAR level, then the EVM Center will forward CAR back to CMO who will then create a new CAR record increasing severity level of CAR. EVM Center must approve the new CAR.**
  - **EVM Center Final Concurrence (MUST BE CHECKED): Prior to final disposition, the EVM Center must check this block.**

CAR Disposition

PART 4. Disposition (CMO Working Through EVM Center)		Revision
4.a. APPROVED	CONDITIONALLY APPROVED	DISAPPROVED
4.b. DCMA Disposition Comments		
4.c. CAP Implementation Date	4.d. DCMA verified?	4.e. Verification Date
4.f. DCMA Verification Comments		
4.g. Escalation / Disposition Options		4.h. Disposition Date
Approved/Closed Write Further CAR Observations Request Management System Review from EVM Center EVM Center Final Concurrence (MUST BE CHECKED)	Withdrawn/Cancelled Escalate/Increase CAR level	

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EVMS Surveillance: CAR Repository

SSOM Sec. 10

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CAR Repository

- What is it? A central electronic repository containing CAR-related data, ultimately generating CARs
- Where: DCMA e-Tools
- Status: Deployment in 2009 (tentative)
- Application: DCMA-wide, all functions
- Advantages: Automated tracking of data useful for trend analysis
- **NOTE: EV Center is also working on an internal high level tracking system to be deployed soon for use until repository is available.**

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EVMS Surveillance: Documentation and Record Keeping

SSOM Sec. 11.0 and 12.0

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Documentation

- **What documentation is expected?**
  - **Surveillance team meeting minutes**
  - **System Surveillance Reports (SSR)**
    - **By Supplier**
    - **Frequency in accordance with the approved Annual EVMS Surveillance Schedule**
  - **CARs and trend data**
  - **SSP w/matrices and schedule**

System Surveillance Report (SSR)

- **Minimum Contents:**
  - **Surveillance Selection Risk Matrix(s);**
  - **Guidelines or Process(es) reviewed;**
  - **PM and CAM(s) interviewed and Control Accounts examined;**
  - **Completed Guideline templates for each reviewed Guideline per Process**
    - **EV Templates 1-32**
  - **Completed EVMS Description Cross Reference Checklist; and**
  - **System deficiencies identified:**
    - **Corrective Action Request(s);**
    - **Supplier Corrective Action Plan in place;**
    - **Actions taken to corrected the deficiency; and**
    - **CMO analysis for trends and systemic issues.**

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SSR

- **Sections of the report include:**
  - **Executive Summary**
  - **Scope**
  - **Surveillance Summaries**
    - **Interview Summaries**
    - **Independent Data Traces & Document Research**
  - **Surveillance Results**
    - **Findings**
    - **Corrective Action Request (CAR) Status**
  - **Guideline Compliance Summaries**
- **Template provided at**

  System Surveillance Report (SSR) Instruction and Template

  http://guidebook.dcma.mil/79/guidebook_tools.htm

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SSR: Executive Summary

- **Refers to the established Standard Surveillance Plan (SSP), the supplier, and the members of the surveillance team, and includes:**
  - **Dates of the surveillance and indicate if any deficiencies were found in the implementation of the surveyed EVMS Guidelines.**
  - **An impact statement noting significant concerns raised by the surveillance and the potential effects of those concern areas.**
  - **A reference to follow-on actions or any open items regarding the surveillance.**

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SSR: Scope

- The start and finish dates of the surveillance
- All guidelines and processes reviewed
- The Program(s) being reviewed and the respective contract number(s)
- The Customer or purchasing organization
- An explanation of how the risk assessment results support the scope of this review
- An explanation of any revisions or deviations from the approval annual EVMS surveillance schedule.
- The DCMA CMO contact information
- The Supplier EVM focal point’s contact information

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SSR: Surveillance Summaries

- **Interview Summaries: Each interview summary should, at a minimum:**
  - **Identify the CAM and his/her area of responsibility.**
  - **Identify the Guideline or Process area focus of each interview.**
  - **Summarize interview discussion points.**
  - **Note any findings from the interview.**
  - **Additional summary information may include, but is not limited to:**
    - **An assessment of the interview session tone, i.e., size, length, complexity, extent of cooperation, effectiveness, etc.**
    - **Common themes or relationships to other interviews. Examples: WBS elements, technical area, component, etc.**
    - **New issues or areas of interest identified as a direct result of the CAM interview.**
- **Independent Data Traces & Document Research**
  - **Discuss the research and data trace objectives in the context of surveillance review scope.**
  - **Summarize and/or attach select exhibits that support findings or other items in the SSR as necessary.**
  - **Trace and research material must be dated and sources must be noted to ensure the long term credibility of supporting material.**

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SSR: Surveillance Results

- **Findings**
  - **Quantify the findings discussed in the surveillance summaries.**
  - **Write succinct statements that communicate EVMS implementation issues across guidelines and processes.**
  - **Discuss any pending actions or outstanding unresolved surveillance issues.**
  - **Discuss systemic issue trends.**
- **Corrective Action Request (CAR) Status**
  - **List newly issued CAR(s), ongoing/existing CAR(s), and any CAR(s) that were resolved during the reporting period. Briefly summarize the new CAR(s) and note the affected guidelines or process areas. Discuss the status of open CAR(s) and the status of their respective corrective action plans (adequacy of CAP, estimated completion, delays, contractor concerns, etc.) The attached SSR template provides example CAR status language.**

SSR: Guideline Compliance Summary

- **Identify how many guidelines were found to be compliant during the surveillance.**
- **Reference and attach completed guideline compliance summary worksheets for the guidelines included in this review. These forms can be found at EV Templates http://guidebook.dcma.mil/79/guidebook_tools.htm**
- **Include the review of the supplier system description as annotated in the completed EVMS Cross Reference Checklist http://guidebook.dcma.mil/79/guidebook_tools.htm**

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SSR Timeline

PERFORMANCE TASK	DURATION
1. The surveillance team generates and submits surveillance report and submits it to the Center for review.	10 business days
2. The surveillance team working through the Center initiates the CAR process, if necessary.	Immediate
3. The Center submits comments and direction to the surveillance team.	5 business days
4. Working through the Center, the surveillance team updates and submits the final report to the ACO, PI, PMO, and supplier.	5 business days

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EVMS Surveillance Updating the SSP

SSOM Sec. 13

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Updating the SSP

- As supplier work scope or contracts change, the SSP should be updated accordingly.
- Adjustments to the SSP must be approved by the Center prior to the implementation of any changes.
- As a result of changes in DCMA Instruction, updates to the SSP may be necessary.

EVM POCs

- **DCMA EVM Center (DCMAC-V):**
  - Director, EVM Center: Mr. Fred Meyer (703) 428-0963
  - EVMS Training and Policy Coordinator: Ms. Donna Holden (301) 862-0721
  - Product Leads, Aeronautical Systems: Ms. Paula Mullenix (310) 900-6564 and Mr. Fred Meyer (703) 428-0963
  - Product Lead, Ground Systems & Munitions: Ms. Gayle Brooks (703) 428-1136
  - Product Lead, Naval Sea Systems: Vacant
  - Product Lead, Space & Missile Systems: Mr. Jim Henderson (571) 215-0384
  - Lead, Federal Government Agencies: Mr. Bob Keysar (301) 862-0717
- **EVM Product Division Leads/International:**
  - Aeronautical Systems: Mr. Charles Hurley, DCMAA-OCT (617) 753-4223
  - Ground Systems and Munitions: Mr. Marty Makielski (Acting), DCMAG-OCT (224) 625-8291
  - Naval Sea Systems: Mr. Brian Dillon, DCMAN-OCT (617) 753-4265
  - Space and Missile Systems: Mr. Robert Chen, DCMAM-OCT (310) 900-6519
  - DCMA International: Ms. Agnes Alessio, DCMAI-OCT (703) 428-1752

Who is your Product Lead? Contact the Product Lead based on your CMO alignment.

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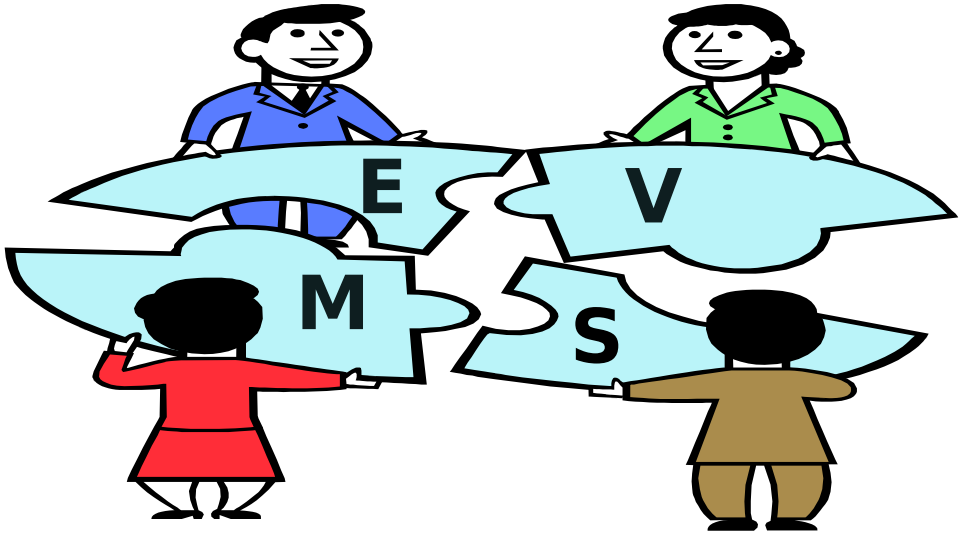
Conclusion

Remember our goal:

Resolve the systemic, DoD-wide weaknesses in EVM implementation across defense programs.



We all play a critical role in EVM and by working together, we will achieve our goal.